

Red October for Nordic CTAs, Stumble Into November

Stockholm (Hedgenordic) – As previously reported on Hedgenordic, October was doomed to be another challenging month for Nordic CTAs judging from the mid-month numbers available for funds with daily dealing. With October now behind us, one can conclude that it was indeed a red month for the industry and for Nordic managers alike.

The industry, as represented by the SG CTA Index, lost 2.8 percent on the month and was down 6.9 percent on the year as of November 1. The NHX CTA Index is yet to be updated for the month but early numbers for some of the reporting funds suggest dismal performance.

Industry heavyweight Lynx was down 3.6 percent in its main fund, translating into a 4.2 percent drop for the year. According to the manager's monthly report, losses stemmed from stock indices and commodities where both energies and soft commodities contributed to losses. The manager further writes that the downturn in equity markets made models turn overall equity exposure short going into November.

SEB Asset Selection lost more than 1 percent on the month, presumably doing relatively well due to no exposure in the commodity sector. On the year however, the fund had lost 8 percent by the end of October, according to estimates.

RPM's two funds RPM Evolving CTA Fund and RPM Galaxy were both down on the month, the latter posting a whopping 18 percent drop for the period (-25% on the year). In the case of Evolving, the monthly loss was more in line with the industry and the fund was still up for the year by end October.

Among exceptions was the Alfa Axiom fund from Alfakraft, a program that is using shorter term trend models. Axiom gained 1.3 percent on the month and was up 0.6 percent on the year as per October 31.

As if the difficult market conditions for systematic trend followers in October was not enough, the first trading day of November apparently has put more pressure on the strategy. Data from Avanza suggest that Lynx lost 3.8 percent on November 1, SEB Asset Selection dropped 1.8 percent and Alfa Axiom posted a 1.7 percent loss. On its website, RPM suggest a loss of 3.8 percent for Evolving and an additional 5.8 percent drop for Galaxy on the first trading day of November.

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